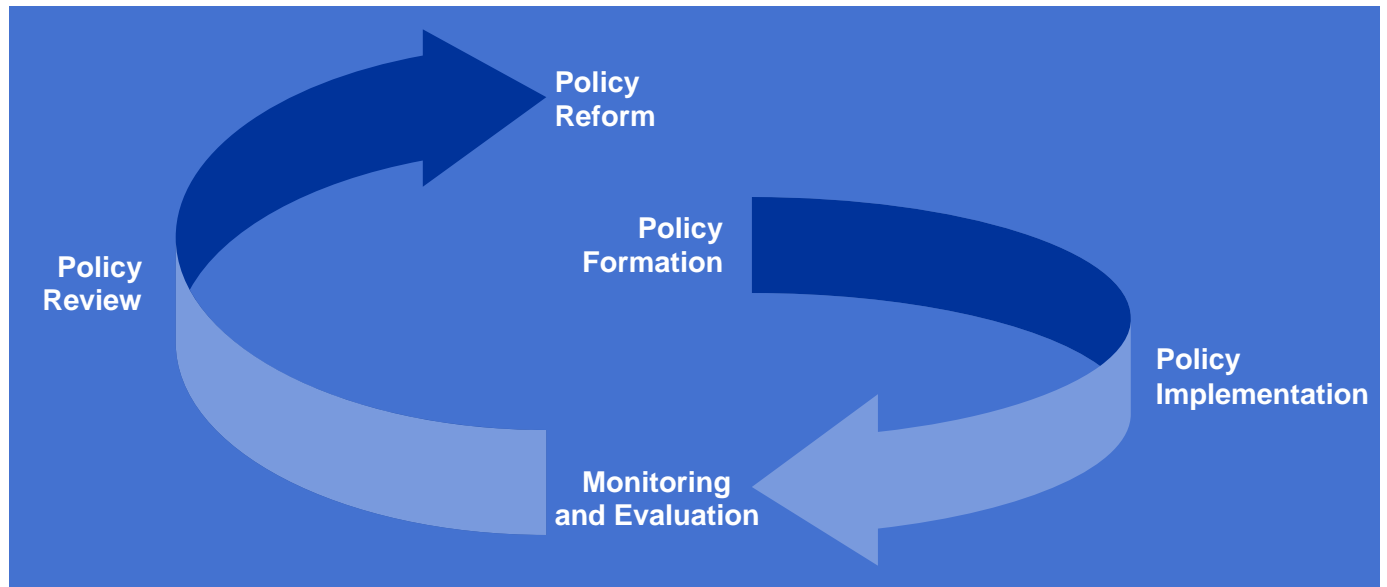




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Decentralized Basic Education 1: Management and Governance

# Policy Reform in Education Planning



**DBE 1**

**Special Report**

**October 2007**

This report is one of a series of special reports produced by Research Triangle Institute (RTI), Implementing Partner for the USAID-funded Improved Quality of Decentralized Basic Education (IQDBE) program in Indonesia



# **More Effective Decentralized Education Management and Governance (DBE1)**

Policy Reform in Education Planning

Contract 497-M-00-05-00029-00

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USAID/Indonesia

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The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.



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# Executive Summary

This report provides a summary of policy reforms identified and advocated with the Government of Indonesia by the Decentralized Basic Education project, DBE1, in the period April 2005 to September 2007.<sup>1</sup>

Public policy in the Indonesian basic education sector is developed at four levels: national, provincial, district and school level. Indonesian policy development and policy reform is a dynamic and complex process taking place in a changing environment. DBE1 works to improve the governance of education primarily at district and school level, improving the communication and strengthening the policy dialogue at these levels. In addition, given the significant depth and breadth of the DBE1 program, the project is able to contribute to the development of a field-based policy agenda at the national level.

DBE1 contributes to policy reform in the following ways:

1. by assisting government to implement existing and newly developed policy, reporting on progress and thereby helping to inform the process of policy review
2. by directly assisting in the development of strategic plans and budget preparation at district (and school) level
3. by improving the capacity of local government and non-government players to engage in open policy dialogue and to implement various policies related to decentralization
4. by improving the systemic and institutional capacity of government to develop policy in the form of plans and budgets on the basis of good data and information
5. by conducting special studies and analysis and creating and participating in forums to report on results and encourage policy dialogue.

Policy development and reform takes time. In the first phase of the project, effort has gone into the development of school development plans (RPS/RKS) and advocating for district level policy to be informed by the school level planning process. In addition, DBE1 has invested heavily in the development of methodologies to facilitate participative planning and improved governance at the district level. This process has involved consultation with national level government.

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<sup>1</sup> This is the first report for Deliverable 13 under U.S. Agency for International Development (USAID) Contract Number 497-M-00-05-00029-00 for the period April 2005-June 2007. Deliverable 13 is 'A summary written account of policy reforms identified and advocated with GOI. The contractor will document outcomes of these initiatives, highlighting best practices, how they were developed and tested, and the extent of successful replication.'

Policy issues of concern to DBE1 fall into the following areas:

1. School planning & governance
2. Financing education
3. District education planning and governance
4. Education management information systems (EMIS) and the use of information and communication technology (ICT).

Each of these is discussed in turn in the report. Also summarized in this report is a series of specific policy recommendations provided by DBE1 to the national SOAG Review in July 2007.

In the coming two years it is anticipated that consultation and policy inputs at the national level will be significantly increased as results of work at district level come to light.



# 1. Introduction

This report provides a summary of policy reforms identified and advocated with the Government of Indonesia by the Decentralized Basic Education project, DBE1, in the period April 2005 to September 2007.<sup>2</sup> The report takes a broad approach and includes within its scope policy reform at various levels of government. It documents outcomes of these initiatives, highlighting best practices, how they were developed and tested, and the extent of successful replication.

This report may be read in conjunction with the report entitled *Study and Analysis of Issues Related to Education Governance and Finance* (DBE1, September 2007). The September report provides a very detailed picture of the current state of policy, including a comprehensive summary of pertinent laws and regulations. The purpose of the present report is thus not to repeat this information but to focus on the role DBE1 has played and can play in the future in policy reform.

To place this within a strategic context, the report outlines the current context for policy in the Indonesian basic education sector, explains the approach being taken by DBE1 to policy reform and advocacy with the aim of improving the management of governance of basic education and ultimately improving the quality of basic education in Indonesia, and outlines constraints. The wide scope and the depth of DBE1 activity give the project access to data and information of value to the development of national policy. Key areas in which the project has impacted on policy are outlined and the report concludes with some comments on plans for the coming year.

As explained in more detail below, the first two years of project implementation have focused primarily on the development of approaches to support the implementation of GOI policy and thereby improve the management and governance of basic education in Indonesia. The focus has been on the policy *implementation* phase of the policy development cycle. It is too early to expect major impact in the latter phases of policy *review* and *reform*.<sup>3</sup> Notwithstanding this, there are specific instances where it has been appropriate and DBE1 has identified and advocated for policy reform. These are explained in the report.

DBE1 has conducted, or is in the process of conducting, a number of studies which will be discussed and reviewed at forums with key national and

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<sup>2</sup> Under Contract No. 497-M-00-05-00029-00 (Task Order under GSA MOBIS No.GS-10F-0097L), RTI is required to deliver a summary written account of policy reforms identified and advocated with GOI. The contractor will document outcomes of these initiatives, highlighting best practices, how they were developed and tested, and the extent of successful replication. (Deliverable 13)

<sup>3</sup> The project reform cycle is illustrated in Figure 2 below.

international policy-makers and stakeholders in the coming year. Among the studies that will have impact on policy are the EMIS assessment completed in April 2007; the results of Provincial and District Education Financial Analysis studies (PEFA and DEFA), School Unit Cost Analysis (SUCA) and a special study on School Operation Grants (Bantuan Operasional Sekolah or BOS); and a report on democracy, transparency and accountability in the governance of education together with a review of the legal framework for basic education.

Policy issues of concern to DBE1 fall into the following areas:

1. School planning & governance
2. Financing education
3. District education planning and governance
4. Education management information systems (EMIS) and the use of information and communication technology (ICT).

Each of these is discussed in turn in the report. Also summarized in this report is a series of specific policy recommendations provided by DBE1 to the national SOAG Review in July 2007. The report concludes with a brief description of next steps to be taken.

## 2. The policy context

The terms ‘policy’, and ‘public policy’ are widely used and consequently the usage is inconsistent and the meaning often unclear. Thomas Birkland (2001) notes this lack of consensus and outlines a few definitions of ‘public policy’:

- "The term public policy always refers to the actions of government and the intentions that determine those actions". (Clarke E. Cochran et al.)
- "Public policy is the outcome of the struggle in government over who gets what". (Clarke E. Cochran, et al.)
- Public policy is "Whatever governments choose to do or not do". (Thomas Dye)
- "Public policy consists of political decisions for implementing programs to achieve societal goals". (Charles L. Cochran and Eloise F. Malone)
- "Stated most simply, public policy is the sum of government activities, whether acting directly or through agents, as it has an influence on the life of citizens". (B. Guy Peters)<sup>4</sup>

For the purposes of this report, public policy is defined as a course of action chosen by government to address an issue or set of issues. It is anchored in a set of beliefs and values. Milne (2005) describes policy ‘...as intention and direction. Policy directs, but does not consist of, operational programs and details.’ (Milne: 2005)<sup>5</sup>

A simple way of conceptualizing this is to think of ‘policy’ as the decisions taken by legislature (parliaments), ministers and elected regional heads, and ‘implementation’ as the job of the executive (ministries and government offices). Policies take the form of laws, decrees and government regulations. (See the DBE1 Special Report, *Study and Analysis of Issues Related to Education Governance and Finance* for a detailed account of the legal and regulatory framework governing basic education in Indonesia.) At a more operational level, policy takes the form of government plans, such as renstra (strategic plans), annual work-plans and budgets. Since laws and regulations always have higher authority (in that order), the policy expressed in plans and budgets is an interpretation of higher-level government policy.

In Indonesia, the term ‘kebijakan’ is generally used, which literally translates as ‘policy’ or ‘wisdom’. Also commonly used in official documents is the term ‘arah kebijakan’ meaning ‘policy direction’. As noted in the *Study and*

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<sup>4</sup> Birkland, T. (2001) *An Introduction to the Policy Process* (Table 1.3 on p. 21) cited in [en.wikipedia.org/wiki/Public\\_policy](http://en.wikipedia.org/wiki/Public_policy) (accessed 19<sup>th</sup> Sept. 07)

<sup>5</sup> Milne, G. (2005) *Making Policy: A Guide to the Federal Government's Policy Process*, cited in <http://www.ginsler.com/html/toolbox.htm> (accessed 19th Sept 07)

*Analysis of Issues Related to Education Governance and Finance*,<sup>6</sup> Indonesian laws are usually formulated as general statements of principle. Detailed implementation of the principle stated in a law is subsequently established by government regulation. Indonesia's laws and regulations, like those in other countries, direct government programs by creating 'corridors'; defining what is allowed and what is not allowed, what is required and what is not required, along with who is responsible for actions and to whom they are responsible. Plans and budgets interpret these as priorities, goals and policy objectives.

Government policy in Indonesia's decentralized system is developed at several levels. Policy in the basic education sector is developed and implemented at national, provincial and district levels. Laws are passed by the national parliament (DPR). Regulations and decrees or decisions<sup>7</sup> are issued by the President, national sectoral Ministers, Governors and district heads (bupati or walikota). Regional regulations ('peraturan daerah' or 'perda' for short) are issued by provincial and district legislatures (DPRD). Sectoral strategic five-year plans are developed and approved at each level by the national ministries, provincial education offices and district education offices. Annual work-plans and budgets, which are ultimately the most concrete form of public policy, are developed by the executive (for each ministry or sectoral office) at each level of government and are approved by the legislature at the appropriate level.

This decentralization enables greater participation of local stakeholders in the process and should result in policy which better reflects local needs and aspirations. It supports both grass-roots and representative democracy.

In the context of school-based management, it should also be noted that policy is also developed at the level of the school. School policy should be the result of a dialogue between the community represented by the school committee, the school's professional and management personnel represented by the principal, and local government authorities represented by school supervisors and sub-district education offices.

Since the national education system is the largest government department and through the school system it reaches further into the communities and lives of ordinary Indonesian citizens than any other government agency, this local-level public policy process is very significant. Not only does it potentially improve the quality of schooling but it provides a massive base for bottom-up policy development. Perhaps even more significantly, it provides a 'training ground' for grass-roots and representative democracy enabling Indonesian citizens, from the most remote villages to the center of cities, to experience

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<sup>6</sup> DBE1 (2007) Study and Analysis of Issues Related to Education Governance and Finance, Appendix 1, page 3, paragraph 8

<sup>7</sup> Most laws are explained in operational terms in regulations (peraturan). Decisions or 'decrees' (keputusan) are issued when the need is more specific. On occasion, instructions are issued by the President (Instruksi President) and circular letters (surat edaran) are typically issued to fill a temporary need such a policy vacuum such as when a law has been promulgated but the regulations to interpret it are not yet in force.

first-hand the processes of public accountability and participative decision-making.

- National policy is concerned with the big questions such as access ('wajib belajar sembilan tahun' or nine-year compulsory education), quality (national education standards, teacher certification, national curriculum), accountability and the structure of the system (decentralization, standards for reporting, national assessment).
- Provincial policy is concerned with regional issues and priorities such as equity (improving access for remote and underserved communities), vocational education (matching technical education to needs of industry) and teacher supply.
- District policy is concerned with interpreting national and provincial policy to meet local priorities and conditions (school building and facility development, teacher deployment, teacher development, access for rural and island communities, increasing participation, promoting excellence).
- School policy is concerned with school-level issues and priorities such as school-based curriculum, community participation, facility development, quality of teaching and learning, professional development of teachers, student welfare and discipline.

In a decentralized system, the dynamic relationship between each level is vital to the process of policy development. Ideally the center establishes national goals, sets standards and monitors performance from the national perspective. Districts and schools are free to set their own policies within the 'corridor' set by national policy and to determine how best to achieve broad national objectives and meet national standards at the local level. The bottom-up consultative process should ensure that higher level policy is informed by local knowledge and the voicing of local aspirations – including through development of local policy. In this way local policy informs national policy and, vice-versa, national policy informs local policy.

Policy at the provincial level in this schema should bridge the national and district levels – identifying regional issues, developing policy responses and ensuring that development is harmonious and synergistic across the districts and between the levels of government. The province assists the national government in interpreting and implementing national policy in the regional context.

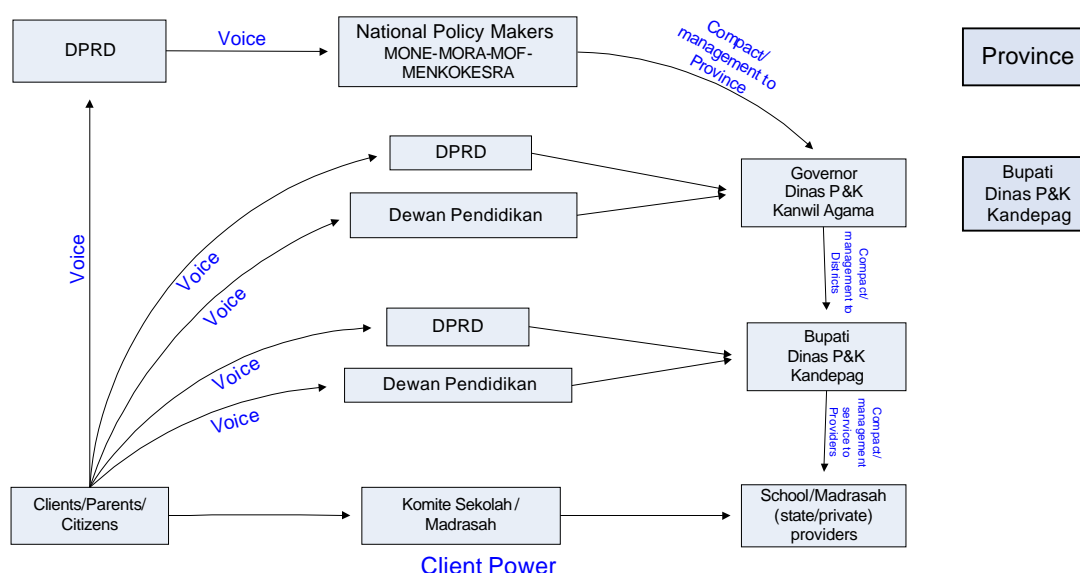
The process described is extremely complex. Indonesia is a large, culturally and economically diverse nation. Over the last ten years the country has undergone a period of radical political change and public sector reform. It faces considerable challenges in terms of development and capacity. These factors further increase the complexity, creating ambiguity and uncertainty. The division of responsibility between decentralized MONE and centralized

MORA for managing general schools and Islamic madrasah creates a further complication in the education sector.<sup>8</sup>

DBE1 aims to improve the management and governance of basic education. In this context, the project has a special role to play in supporting policy reform. DBE1 works to strengthen the role of civil society, non-government agencies and local legislatures in the policy development process at the same time as improving the responsiveness and capacity of the government system to base policy and planning on community consultation, sound data, information and analysis. The development and reform of policy is an ongoing dialogue between executive, legislature and non-government stakeholders. Good governance is in large part the result of open communication, transparency and well-defined relationships between these players.

Policy development is a dynamic and complex process involving many players, multiple relationships and competing agendas. This general truth is particularly pertinent in the current Indonesian context. Figure 1, below, illustrates key relationships.

**Figure 1: Accountability Relationships & Policy Development: Basic Education in Indonesia**<sup>9</sup>



The role of non-government stakeholders in this process is usually referred to as ‘advocacy’. Advocacy is an attempt to influence the policy development process so that policy outcomes reflect the interests or objectives of a particular group. In addition to increasing the capacity of non-government

<sup>8</sup> See DBE1 Special Report: Improving the Management and Governance of Islamic Schools and Madrasah (August 2007) for an explanation of this.

<sup>9</sup> Adapted from World Development Report 2004, Making Services Work for Poor People, World Bank.

stakeholders for advocacy, DBE1 aims to influence policy in line with the project's aims. DBE1 thus has a direct role in advocacy. Since DBE1 is based on a bilateral agreement (SOAG) between GOI and USAID, the shared policy objectives of the project are clearly defined. Since the policy objectives of the donor, the recipient government and civil society broadly coincide, the chance of successfully influencing policy reform is high.

Along with the general donor community, we take the broad view that Indonesia's public policy in the area of basic education is well-directed. The intent of the current laws and regulations is well aligned to international best-practice. The current policy framework is the result of an ongoing dialogue in which the international donor community has played a significant role.

However, there are two major problems:

1. As revealed in the analysis in the *Study and Analysis of Issues Related to Education Governance and Finance*, 'the devil is in the detail'. The overall policy direction supports improvement of quality in basic education, along with principles of good governance, decentralization and democracy. However, the laws and regulations are often unclear and inconsistent. There are many cases of overlap and contradiction between the laws and regulations promulgated by different ministries – and between different levels of government. The laws often lack specificity, creating ambiguity as to who is responsible for implementation. In many cases there are also internal inconsistencies.
2. The second major problem is in policy implementation. Whilst, as discussed, policy is broadly based on best practice, the capacity often does not exist within the education system to effectively implement it. Implementation is often not adequately resourced.

To put this in concrete terms, the 2006 national curriculum, for example, is based on international best-practice. It represents a major shift from the 1994 content-based curriculum to a more contemporary competency-based approach which, if well implemented, will see graduates from Indonesian schools much better equipped for a competitive world and a growing democratic nation. The curriculum requires a far higher level of professional independence of teachers than has previously been the case. Unfortunately, the resources and systemic capacity to efficiently and effectively upgrade teachers to meet this requirement are lacking. The national assessment system has not yet been fully aligned to the new curriculum, and so, since teachers and schools are largely judged on the success of students in examinations, there is little incentive to implement the new curriculum. Notwithstanding these constraints, a great many teachers, schools and officials have worked hard to learn and implement the new curriculum. However, success to date is minimal and implementation is often shallow and cosmetic. The gap between policy and practice is wide, making official policy sometimes seem like empty rhetoric.

The major shifts in the Indonesian public policy environment are from a highly centralized, top-down and ‘closed’ system characterized by the ‘New Order’ period which ended in 1998, to a more open, democratic, decentralized and bottom-up model. Following an initial period of transition during the ‘reformasi’ period of 1999 until around 2002, the policy framework governing the national education system has been comprehensively reformed.

A raft of relevant new laws and regulations has come into force, notably:

1. Laws on regional autonomy, government and finance (Law 32/2004 concerning regional government. Law 33/2004 concerning fiscal balance between the central and regional governments)
2. The ‘Education law’ (Law 20/2003 concerning the National Education System)
3. Minimum Service Standards for Education (Decision Minister of National Education, No. 120a/U/2004)
4. National Development Planning System Law (UU 25/2004 tentang Sistem Perencanaan Pembangunan Nasional) and the Regional Government Law (UU 32/2004 tentang Pemerintahan Daerah)
5. The package of laws on finance (Law 17/2003, Law 1/2004 and Law 15/2004)
6. National Education Standards being developed by the newly established National Education Standards Agency (*Badan Standard Nasional Pendidikan/BNSP*): Regulation (PP 19/2005) which lists education standards to be set, and Permendiknas 22, 23 and 24/2006 which set the “content” standards for the basic education (primary and junior secondary) providing a framework for the national curriculum at this level.<sup>10</sup>
7. The law on teacher standards (Law 14/2005 concerning teachers and university lecturers) including the requirement for professional certification.<sup>11</sup>

In addition, MONE issued a national strategic plan in 2005 (Rencana Strategis Departemen Pendidikan Nasional Tahun 2005-2009), and MORA and MONE prepared the ‘Grand Design for Nine Year Basic Education in Indonesia’. This document, jointly released in January 2007 by MORA and MONE sits within the framework of the MONE Strategic Plan ‘Vision 2025’, authorizing four, five year plans as the strategic road map to realize this vision.

<sup>10</sup> The national education standards include standards for students to graduate from each level (standar lulusan pendidikan) which have come to be regarded as the national curriculum (in lieu of formal approval for the more comprehensive 2004 competency-based curriculum).

<sup>11</sup> See DBE1 (2007) *Study and Analysis of Issues Related to Education Governance and Finance*, for a full account of relevant laws and regulations.



### 3. The role of DBE1 in policy reform

This section explains how DBE1 works to support policy reform in the Indonesian basic education sector. The objectives and approaches taken are outlined, followed by some comments on constraints and opportunities.

#### Objective and approaches

The overall objective of DBE1 is to improve the management and governance of basic education. The primary focus of activity is at the district level. DBE1 can thus have a direct impact on policy at this level. This is achieved through programs such as:

1. collaboratively implementing school level programs including school development planning (RPS), strengthening the role of school committees and school leadership – and reporting results to district stakeholders
2. capacity development planning for district education offices (RPK)
3. strategic planning (renstra)
4. district education financial analysis (DEFA), school unit cost analysis (SUCA), provincial financial analysis (PEFA) and BOS impact study
5. strengthening the role of governance-related institutions in the policy development process.

All of these activities can be seen to impact directly on policy at the district level in target districts. Since the methodologies for these district level interventions have been under development in the first two years of the project, at the time of writing, the full impact of the interventions on policy is yet to be realized. However, the early and pilot program interventions provide good evidence of the type of impact which are likely to occur and will be scaled up during the third year of the Project.

In addition, DBE1 works to inform the policy reform process at national and provincial levels in the following ways:

1. through ongoing consultation with stakeholders at the national level, for example as in the development of methodologies to assist in the implementation of national policy,
2. through ongoing consultation with stakeholders at the provincial level, for example in the implementation of provincial policy and programs which relate to the DBE1 program,
3. by working with local government to implement national policy at the district and school levels, collaboratively developing methods and

materials to do this, and reporting on results to national (and provincial) stakeholders.

DBE1 provides a series of test-cases for the implementation of national policy to support a ‘field-driven policy reform agenda’<sup>12</sup>. Over the five-years of project implementation, DBE1 will work in up to 100 districts in seven provinces (including Aceh) as well as in an additional three provinces funded through public private alliances.

At the same time, the core strategy of the project is to ‘go deep’; to provide intensive support to a limited number of districts and schools within those districts in order that the experience gained will inform the broader reform program and where successful will be replicated by government, non-government agencies and other donors. Given the breadth and scope of the project, together with the depth and intensity of the program at district and school levels, the ability to support a bottom-up or ‘field-driven’ policy agenda is strong.

In addition to the depth and breadth of project activity, DBE1 has a presence and capacity at district, province and national levels which allows it to monitor and report on policy implementation at all levels, taking, for example a vertical slice in analyzing the implementation of a policy such as BOS funding from the ministerial level right to the level of an individual student in a school.

As described in the section above, Indonesian policy development and policy reform is a dynamic and complex process taking place in a changing environment. In summary, DBE1 contributes to policy reform in the following ways:

1. by assisting government to implement existing and newly developed policy, reporting on progress and thereby helping to inform the process of policy review,
2. by directly assisting schools and districts to fulfill government mandates in the development of strategic plans and budget preparation,

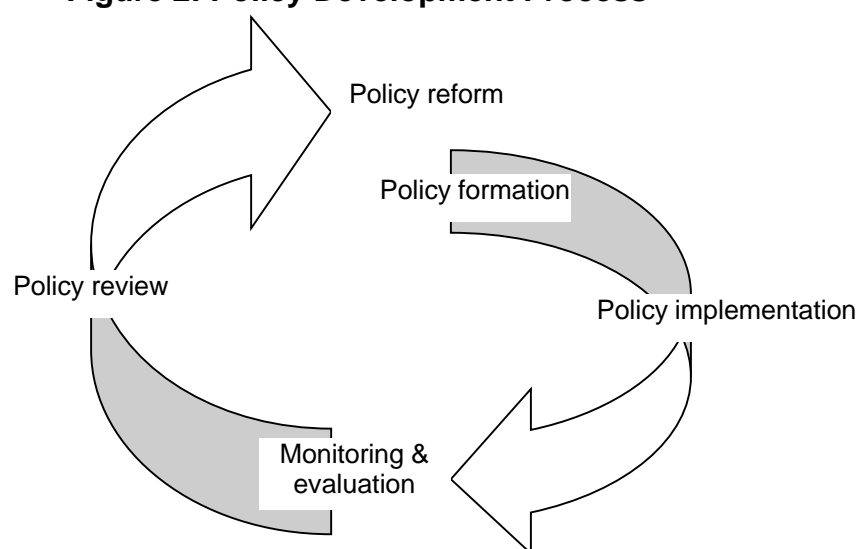
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<sup>12</sup> In the words of the Task Order, (Contract No. 497-M-00-05-00029-00): ‘The Contractor will also provide a modest level of technical assistance to support and guide decentralized education from the national and provincial levels. In particular, the Contractor will work to integrate district level planning with planning at the provincial and national levels. Experience gained under this and related local basic education activities will be used to identify current policies and regulations that are weak or constrain local initiative. Working closely with other involved donors, the Contractor will identify and constructively inform provincial and central level GOI officials and elected representatives where there are major problems and suggest changes and improvements, which may include policy reforms. Constraints to good performance and a policy reform agenda will emerge from field level activity and should inform a continuously updated program response. The Contractor will mobilize policy expertise with the necessary credibility and stature to advise and assist the Indonesian Government in tackling a field-driven policy agenda.’ Contract No. 497-M-00-05-00029-00 (Task Order under GSA MOBIS No.GS-10F-0097L) page12

3. by improving the capacity of local government and non-government players to engage in open policy dialogue and to implement various policies related to decentralization,
4. by improving the systemic and institutional capacity of local government to develop policy in the form of plans and budgets on the basis of good data and information,
5. by conducting special studies and analysis and creating and participating in forums to report on results and encourage policy dialogue.

As illustrated in Figure 2, below, policy reform may be seen as an ongoing cyclical process. Policy is developed, implemented, evaluated, reviewed and reformed, the process repeating in an ongoing spiral fashion. When monitoring, evaluation, reporting and information sharing is weak, the process is weak. DBE1 strengthens the process by assisting in the implementation of policy, monitoring and reporting on results, and informing the ongoing policy dialogue.

**Figure 2: Policy Development Process**



### **Constraints and opportunities**

There are two major constraints in relation to the DBE1 role in this process as described: (1) time, and (2) relationships. These constraints, which are described below, are offset by the opportunities provided by the scope, breadth and depth of project activity.

For an effective cycle of project implementation, review and reform as outlined in Figure 2, above, to take place, adequate time must be allowed. DBE1 has worked intensively over the first two years of project

implementation to develop and trial models and materials to support policy implementation in the field – initially at school level and currently more focused at district level.

At the project moves into its third year, we have good experience with implementation of school level reforms, and the cyclical process of informing policy, and responding to policy change is ongoing. All target elementary schools in Cohort 1 and 2 districts have produced school development plans (RPS), and series of consultative meetings have taken place at district, provincial and national levels to report on progress. In July 2007 a new regulation was released requiring all schools to produce school work plans (RKS) which align to national standards for school accreditation and link to annual budgeting. The new model sits well with the DBE1 approach and in 2008 the project will assist all target elementary schools to update development plans and translate these into the new formula for school work plans. At the same time a manual for school work plans at junior-secondary level has been developed through a series of consultative workshops with national stakeholders and is currently being piloted in preparation for implementation in all junior-secondary schools in Cohorts 1 and 2 in 2008.

In addition to the RPS/RKS program, DBE1 has developed, trialed and implemented models for strengthening school committees and school leadership. DBE1 has also collaborated with DBE2 in the development and piloting of the school-report card approach. All of these programs will be further implemented in schools in 2008.

This process of developing manuals, based on consultations with national stakeholders, piloting these in the field, rolling the model out in all target schools, reviewing progress and revising / updating manuals with national stakeholders is followed also with the district level programs described below.

The more substantial range of programs focused at the district level is at a different stage than the school level program. Models and manuals for District Educational Finance Analysis (DEFA) and approaches to improve the role of DPRD, Education Boards, media and civil society in the governance of education have been developed and are at varying stages of being reviewed, revised and piloted. These interventions comprise the core program for DBE1 at district level.

In addition to these core interventions, DBE1 is at varying stages of developing and piloting models and manuals for capacity development planning for education offices (RPK), strategic planning for education (renstra), school unit-cost analysis (SUCA), district planning information support systems (DPISS), and improved asset management and personnel management systems.

If, in general terms, Years 1 and 2 may be regarded as a period for the development of models and manuals, the coming Years 3 to 5 will be a period of implementation, monitoring, evaluation and review. Whilst consultations

with national stakeholders have taken place throughout the development period, it will be during the implementation and review period that the more significant opportunity to impact on policy reform occurs.

Having said this, discussions with other donors (notably the World Bank and AusAID) reveal a high level of interest in the DBE1 approaches under development. Whilst the scope of DBE1 is already broad, the World Bank SISWA and AusAID BEP projects offer enormous opportunity for DBE1 models, manuals and approaches to be picked up, refined and implemented across Indonesia. The potential for policy impact is thus very significant.

The second constraint mentioned is relationships. Whilst DBE1 has strived, with some success, to develop constructive working relationships with key policy makers in MONE, it has to be said that this has been seriously compromised by the institutional arrangements set out in the SOAG. DBE1 is implemented under an agreement between USAID and Menkokesra, the Coordinating Ministry for People's Welfare. This arrangement has the benefit of providing an umbrella agreement in order that the program may work in an even-handed way with MONE and MORA. However, in the world of Indonesian bureaucratic politics, it has resulted in key players at the national and to some extent, provincial levels from MONE, in particular, reportedly feeling sidelined and uncooperative. MONE is the largest ministry in the Indonesian bureaucracy and senior officials are accustomed to playing a more direct role in the coordination of bilateral and multilateral projects in the education sector. The problem is perhaps less acute with MORA, but still exists. This unfortunate reality constrains the project in developing the open and consultative relationships necessary for optimum impact on policy reform.

The fact that DBE1 activity is almost totally focused at the district level risks further distancing national and provincial stakeholders. Aware of this problem, DBE1 has worked to build collaborative relationships with provincial and national stakeholders. However since their involvement is limited by the project design and focus to consultation, monitoring and coordination, the participation of high level officials is sometimes lacking.

Relationships at the district level and at the sub-directorate levels in the provinces and national ministries are generally much more open and constructive. This enables the project to collaborate effectively on the development of models and approaches at national level and to work closely in partnership with districts to develop plans and assist in the budgeting and finance area. In this respect, DBE1 is an advance on the previous MBE project which built strong relationships with schools, clusters and sub-districts but tended to have weaker impact at district, province and national levels.

As described, given the cyclical nature of policy reform and the staging of DBE1's approach it is too soon to report substantial impact on policy at the national level. This should be possible in the next report due at the end of Year 3. However, there are many cases where the project has clearly impacted on policy development and reform, primarily at school, district, and national

levels. These are reported in the following sections. Appendix 2 also provides a summary of relevant government policy in relation to each of the major DBE1 interventions, together with the participation of GOI stakeholders in the development of methodologies to date.

## 4. School planning & governance

During the first two years of implementation, DBE1 focused primarily on activity at the level of school and community. The strategic purpose of this focus was to strengthen a bottom-up planning and policy development process within districts. At the same time, DBE1 was able to assist the national ministries (MONE and MORA) in developing and piloting approaches to implement their own policies in school planning, school budgeting, and parent and community participation through school committees.

### The policy background for RPS / RKS

Along with the development of a new curriculum and new approaches to teaching and learning introduced during the reform period of the late 1990s and early 2000s, a new approach to school-based management was introduced and became MONE policy for elementary and primary schools in the early 2000s. The policy was first introduced in junior secondary schools with a program called Quality Management Operational Support (Bantuan Operasional Manajemen Mutu or BOMM) in 1997/98.<sup>13</sup> As part of the new approach, schools were required to establish school committees. However, in most schools, school based management initially meant little. School committees were typically established by changing the name of the old parent committee (BP3) and there was little real capacity or empowerment either of schools or of their communities. This reality still holds true in many cases and is exemplified by the usual translation of ‘community participation’ into Bahasa Indonesia as ‘partisipasi masyarakat’ which is taken to mean parent and community financial contributions to the school.

Support to develop the new approaches to teaching and learning, school-based management and community participation has been provided over the last ten years through donor-funded projects such as PEQIP, CLCC, REDIP, IAPBE, DBEP, BEP and recently under the USAID-funded MBE project. These various project provided important resources and opportunities to support the development of policy and practice in school planning.

With the passing of the Education Law (20/2003) Indonesia formally adopted a policy of school-based management for all of its public and private schools and madrasah. With the introduction of the School Operational Funding (BOS) scheme in July 2005, schools and madrasah now receive per-capita grant funding direct from the central government, giving them for the first time some financial independence. DBE1 is the first major donor-funded

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<sup>13</sup> School-Based Management was first promoted by Bpk. Umaedi in his capacity as Director of SMP; long before decentralization. At this time SMP were 100% under the authority of MONE whilst SD were still under the dual control of MoNE and MoHA.

project to develop and implement an approach to school planning since the introduction of this policy. This makes it very significant. Prior to the introduction of BOS, school planning lacked a certain degree of substance, since schools had such inconsequential budgets. Now, with BOS, school budgets are significant. School planning is thus much more important, as is the role of school communities and, particularly, school committees in school governance.

Now that the new school management and governance policies are in place, Indonesia is tackling the daunting task of implementing them across its 216,000 schools and madrasah. The challenge is not what to do – it is how to do it. How can capacity be built to enable schools and madrasah, communities and district education systems to adopt the new policies; to shift from a centralized to a decentralized system; to manage their own funds; to effectively involve communities in school governance? It is in this context that DBE1 has provided assistance by developing and implementing a model of school development planning, supported by training in leadership for school principals and training to empower school committees.

Based on the regulation (PP No. 19/2005) and in consultation with national stakeholders from MONE and MORA, DBE1 developed a manual for school development planning in 2005-6. Using this manual, DBE1 provided intensive assistance to 1,082 elementary schools and 196 junior-secondary schools, helping them to prepare comprehensive needs-based school development plans in collaboration with their communities. This represents approximately 24 schools and madrasah in each target district.

The aim was to improve capacity and achieve significant school reforms which can be replicated to other schools by the district. Following the first round in 2006, 20 districts committed funds in 2007 to support replication. Non-government systems, such as Muhammadiyah, are also planning to replicate the DBE approach to school reform and other donors such as Save the Children UK in Yogyakarta are using the DBE1 school development planning materials to replicate the program.

The heart of successful school-based management is a commitment to children, to teaching and learning, to continuous improvement, to good planning and to the participation of all stakeholders. Following established models of good practice, and building on the work of earlier projects, DBE1 assists schools and madrasah to create and implement comprehensive school development plans, which:

1. are based on a thorough analysis of the current school profile and identified needs,
2. reflect the aspirations and priorities of all stakeholders,
3. are integrated and cover all aspects of the school program,
4. are multi-year – four years is standard,



5. are multi-resourced and link directly to annual school budgets (*RAPBS/M* or *RKAS/M* – see below) and resourcing plans – all sources of funding and resourcing are covered, including *BOS*, *APBD*, parent contributions and other sources, and
6. are effectively implemented and monitored by the school committee and stakeholders.

School development planning, known as Rencana Pengembangan Sekolah/Madrasah (RPS/M), was introduced as policy under the Government Regulation 19/2005 (PP 19/2005). The DBE1 approach implemented in the first two years of the Project was designed to support the implementation of this policy.

The 2005 policy was subsequently revised and strengthened with a new Ministerial Decree (Permendiknas 19, 2007) which requires all Indonesian schools and madrasah to produce school development plans known as School/Madrasah Work Plans (Rencana Kerja Sekolah/Madrasah). School/Madrasah Work Plans under the new policy differ from the earlier model – and from the original DBE1 model - in two ways:

1. The new model uses nine categories in the school profile compared with the six used in the earlier DBE1 model. These nine categories correspond to those used by the new National Education Standards Body (Badan Standar Nasional Pendidikan or BSNP) to accredit schools and madrasah.
2. Under the new policy, schools and madrasah will no longer produce annual school budgets using the old format (*RAPBS/M*) but will produce integrated Program and Budget Plans (Rencana Kegiatan dan Anggaran Sekolah/Madrasah or *RKAS/M*).

Work was completed in mid-2007 to align the DBE1 model with the new Ministry approach for junior secondary schools (SMP and MTs). This involved a series of workshops involving representatives of the key national ministries – MONE, MORA and Menkokesra.

It is intended that the same will soon be done for elementary schools (SD and MI). These changes fit well with the DBE1 approach to integrated planning and budgeting and the original DBE1 model is easily aligned to the new approach. It is the hope of MONE policy-makers and officials that the new, more integrated, and more rigorous, approach to school development planning will help enable the 94% of junior-secondary schools which are currently assessed as below the national standards to reach those standards through a deliberate and purposeful school improvement program.<sup>14</sup>

Successful school/madrasah development planning, or ‘work-planning’ as it is now known, requires intensive support in the initial stages. The DBE1 approach is to provide a series of three training events held at cluster level for

<sup>14</sup> Discussions between DBE1 personnel and the Director of JSE, 2007.

working groups, comprised of school heads, teachers and school committee/community representatives. These training activities are interspersed with mentoring visits to schools by district facilitators and community consultation events for each school.

This process is further supported by a series of training events for school/madrasah committees to strengthen their role, together with training in participative leadership for school/madrasah principals.

### **Policy outcomes of the RPS/RKS program**

There are four main policy outcomes of the RPS/RKS program:

1. A quality-improvement focus in school policy, participatively developed with communities.
2. A school quality improvement focus in district policy, based on bottom-up information provided through RPS/RKS.
3. An emerging new role for school supervisors (*pengawas*).
4. Field-based feedback for national policy makers on the implementation of school planning policies.

*School policy:* At the school level the impact of the program on policy development is dramatic. Every target school is now in the process of implementing a development plan which is soundly based on data analysis, identified needs and aspirations for quality improvement. Through the process of replication this approach will be spread to many more schools within districts. The development of reference schools which are able to provide models of good school planning, management, teaching and learning, is a further tool to support field-base policy reform.

The four-year school/madrasah development plans (RPS/RKS) provide the basis for finalizing annual school budgets (RAPBS/M now termed RKAS/M) and implementing school reform programs with the aim of improving quality.

*District policy:* School development plans also provide input to the district policy and planning process, outlining clearly the current conditions, needs, aspirations and priorities of a sample group of schools and madrasah. Ongoing support is provided by the project during the first year of implementation, culminating in a workshop for updating the plans and reporting on the experience and outcomes to the district stakeholders at the end of the year. In this way, DBE1 has helped districts to better understand the needs and priorities of their own schools and to begin to develop plans and policies based on this understanding. This understanding will support the development of policy in the district planning process being facilitated by DBE1.

*The role of school supervisors (pengawas):* The program has also helped to re-orient the role of the school supervisor (*pengawas*) from a traditional top-down inspectorial role to a more supportive mentoring and quality oriented role. Whilst many districts and the school supervisors themselves claim that

they are working as mentors – few have the skills to do so effectively, and given the traditional bureaucratic cultures within which they work, they tend to revert to an authoritarian approach. The DBE1 program has helped to develop an alternative and more effective role for supervisors. The possibility of introducing specialization among supervisors has also been discussed in some districts. For example some supervisors may specialize in school planning, others in aspects of curriculum or teaching and learning, and others in other aspects of school management or governance.

*National policy:* At the national level, impact on policy is through the participation of policy-makers and stakeholders in workshops to discuss the experience of developing and implementing school-development planning and supporting programs through DBE1.

In July 2007, DBE1 participated in the national Symposium on Islamic Education, with the theme ‘Basic Education in Islamic Schools, Bridging the Gap – Vision 2025’. The Symposium was convened by the State Islamic University Syarif Hidayatullah, Jakarta, with the support of the Australian Government through the LAPIS project and in cooperation with MORA.

The Symposium brought together representatives of the Islamic education sector, academics, practitioners and officials from MORA together with representatives of the donor community and international consultants. The aim was to discuss policy issues relating to the development of Islamic education, and particularly the achievement of objectives set out in the ‘Grand Design for Nine Year Basic Education in Indonesia’. This document, jointly released in January 2007 by MORA and MONE sits within the framework of the MONE Strategic Plan ‘Vision 2025’, authorizing four, five year plans as the strategic road map to realize this vision.<sup>15</sup>

The ‘Grand Design’ acknowledges the role of the mostly private Islamic school sector, which provides basic education to more than 20% of Indonesian children and more than 25% of Indonesia’s woman. In rural areas, where an Islamic school may be the sole choice available, this percentage is much higher. In fact, it is estimated that about 40% of Indonesians will receive at least part of their overall education in an Islamic school. The largely autonomous network of Islamic education institutions is the longest existing schooling style in the Indonesian archipelago.

The Symposium discussed the role of Islamic schooling in Indonesia’s ‘Grand Design’ for Indonesian education and addressed the following questions:

- How can the quality of teaching and learning in Islamic schools be improved?
- What lessons have been learned from past experience by both development partners and beneficiaries?

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<sup>15</sup> Rencana Strategis Departemen Pendidikan Nasional Tahun 2005-2009,

- Has development partner support helped in ‘bridging the gap’ between Islamic and state schools?
- Is development partner support aligned with the ‘Grand Design’?
- How could support be repositioned to optimize effectiveness?

A paper was presented at the Symposium outlining the DBE1 experience in school development planning.<sup>16</sup> The paper argued for greater integration in development programs of Islamic schools (madrasah), administered under MORA, with regular MONE schools. Results of early monitoring and evaluation studies presented in the paper show that the outcomes of DBE1 support for school development planning were as good, or better, on average for madrasah than for regular schools when the two groups of schools were treated the same way and in combined clusters for training. This result is despite the fact that the Islamic schools (or madrasah) are clearly disadvantaged in many ways. This paper was subsequently published as a DBE1 Special Report.

It is intended that in 2008 DBE1 will run further workshops to involve national stakeholders in the evaluation of the RPS / RKS and supporting school-level programs, both for elementary and junior-secondary levels which will further inform school based management policy.

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16 July 2007: Heyward, M. (DBE1) Improving the Management & Governance of Islamic Schools & Madrasah: Lessons from the Decentralized Basic Education project (subsequently published as a DBE1 Special Report - 2007)

## 5. Financing education

DBE1 has developed a range of methodologies designed to inform the development of district education plans and policy at district, provincial and national levels from a finance perspective. These include:

1. Provincial Education Finance Analysis (PEFA)
2. District Education Finance Analysis (DEFA)
3. School Unit Cost Analysis (SUCA)
4. BOS Impact Study.

All of these methodologies will impact on policy development initially through the district education planning and finance planning process (renstra) to be implemented across all target districts in Cohort 1 and 2 over the coming year. PEFA and DEFA will be conducted in all provinces and districts and the results will feed directly into the renstra process. Meanwhile SUCA and the BOS Impact Study will be conducted in selected sample districts in each province.

The results of these various analyses will potentially have great impact on policy reform, not only at district level, but also at provincial and national levels. In order to maximize this opportunity and the potential offered by the depth and breadth of DBE1, an initial analysis of education income and expenditures for 27 districts was completed in October 2007<sup>17</sup>. The analysis shows, for example, that district governments directly control only about 25% of non-salaries funding for education, while the remainder is funded through national or provincial budgets. Further analysis will be conducted in mid-2008 in which the results of all of these studies will be synthesized and analyzed for a provincial and national level audience.

The School Unit Cost Analysis (SUCA) methodology has been developed and piloted in one district (Sidoarjo) in response to expressed demand from the district head in this district. Whilst a major study of the BOS program was conducted at national level in 2007,<sup>18</sup> the BOS impact study has not yet been conducted at district level. As a result it is too soon to report on policy impact from these interventions.

However among others, the following three key policy issues have been identified and are reflected in the methodologies developed:

1. The 20% budget allocation policy
2. The Millennium Challenge Corporation (MCC)
3. School Operation Funding (BOS).

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<sup>17</sup> *District Education Financial Analysis*, DBE1 Special Report (October 2007)

<sup>18</sup> *Study and Analysis of Issues Related to Education Governance and Finance* (DBE1 2007)

The first two of these issues relate to policy on minimum spending for the education sector. The underlying assumption in both cases is that guaranteeing minimum resource allocations for education will result in improvements in the quality of education. In practice, both policies highlight the need for commonly agreed definitions, together with standardized accounting and financial data collection methods to enable assessments and comparisons to be made within and between jurisdictions.

The third issue is significant in that it represents a major shift in national funding policy which results in the strengthening of school-based management and potentially empowering of local communities.

### **The 20% budget allocation policy**

The Education Law (Law 20/2003 concerning the National Education System) requires that 20% of central and regional budgets be allocated to education. The Law stipulates the following: ‘Education funding, net of educator<sup>19</sup> salaries and civil service education and training, [is] a minimum of 20% of the central budget for education sector and minimum of 20% of regional budgets.’<sup>20</sup> (Paragraph 49, Point 1)

In 2002 the MPR passed the fourth amendment<sup>21</sup> to the 1945 Constitution. One of the provisions of this amendment revised Chapter 13, Education and Culture, paragraph 31. The original formulation stated that all citizens were guaranteed education and that the government would provide a single education system. The amendment added the following provisions: ‘The State [government] will give priority to the education budget a minimum of 20% of the national budget and the regional budget[s] in order to fulfill provision of national education’ (New point 3).<sup>22</sup>

The 20% rule is a high level policy with the status of a law – and, even higher, a clause in the national constitution. Notwithstanding this, it is neither implemented nor enforced. The national government does not appear to allocate 20% to education and few, if any, provincial or district governments do so. The DBE1 DEFA report (October 2007) demonstrates that of 27 DBE districts only one had met the requirement; the one exception was a district in Aceh which is an abnormal case because of the extra funding that has been allocated for post tsunami rehabilitation. Cases have been made against

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<sup>19</sup> This is a technical term defined in para 1 of the law. It covers “education personnel qualified as teachers, university lecturers, [guidance] counselors, [various technical terms for different types of] tutors, instructors, facilitators and other specialized terms who provide education”.(point 6) It does not include administrative personnel in schools, central MONE/MORA staff and staff of provincial and district education offices.

<sup>20</sup> *Dana pendidikan selain gaji pendidik dan biaya pendidikan kedinasan dialokasikan minimal 20% dari Anggaran Pendapatan dan Belanja Negara (APBN) pada sektor pendidikan dan minimal 20% dari Anggaran Pendapatan dan Belanja Daerah (APBD).*

<sup>21</sup> The 20% requirement was not part of the original constitution.

<sup>22</sup> *Negara memprioritaskan anggaran pendidikan sekurang-kurangnya dua puluh persen dari anggaran pendapatan dan belanja negara serta dari anggaran pendapatan dan belanja daerah untuk memenuhi kebutuhan penyelenggaraan pendidikan nasional.*

government on this basis and are described in the DBE1 report, *Study and Analysis of Issues Related to Education Governance and Finance* (2007).

Despite the status of this policy and the fact that it has been debated in a legal context, it remains unclear as to what, precisely, should be included in the 20% allocation. Does it include all levels of education? Does it include non-personnel routine expenses or only school costs or 'development' costs? Does it include allocations for education-related programs from other sectors such as construction of schools from the Public Works, or only budgets for the education and religious affairs ministries?

The 20% rule, in its current form, is an inappropriate and unclear policy. On the surface it appears to be very supportive of the aim of improving quality of basic education in Indonesia. However, when it was tested in the courts in 2005 it was found that enforcing the rule would impact negatively on the financial management of the country. Most district leaders and legislators appear not to take the rule seriously, despite its status in law. Furthermore, the focus of this policy on the proportionate amount of spending risks masking a deeper problem relating to efficiency in spending.

This is clearly a policy in need of reform. Laws which are unenforceable and are not taken seriously tend to result in a more general disregard for the law. This particular law does not appear to result in improved educational quality, despite its intention. Without tools such as DEFA and PEFA, districts are unable to accurately determine whether or not they are following the policy.

DBE1 will make a valuable contribution to the process of reviewing the policy by providing a thorough analysis of education funding at all levels of government – especially focusing on the funding of basic educational provision within districts. By conducting the PEFA, DEFA, SUCA and BOS studies, DBE1 will be able to provide the most complete survey of current basic education funding currently available to government policy makers and stakeholders – including the international donor community. The revised DEFA methodology captures education spending from district budgets (APBD) including from sectors other than education, such as public works. The BOS and SUCA studies will capture spending on education at school level, including from parent and community contributions as well as from the national budget (through BOS). The PEFA studies will capture spending from provincial budgets (APBD) and from deconcentrated national budget allocations.

With this information we will be able to advise government and stakeholders on the precise nature and amount of spending in our sample of around 50 districts in six provinces. How much does it cost to educate a child in different locations? What is the cost of graduating one individual? What differences exist between different locations and different types of communities? What accounts for the differences? Is the 20% allocation mandated in law feasible? There is likely to be significant variation between districts and regions – between rural and urban, for example. The analysis will also link spending to

outcomes, in terms of district performance on minimum service standards. This correlation will enable an assessment by government and stakeholders of the impact of financial policy on standards – and on the feasibility of achieving minimum standards.

As a result it is anticipated that DBE1 will be in a strong position to advocate for policy reform which supports wiser, better targeted and more efficient financing of basic education – and, importantly, to provide the information required for effective policy formation, dialogue and advocacy by stakeholders including non-government agencies, local legislatures, education boards and the wider public through the media.

### **The Millennium Challenge Corporation (MCC) 23**

The MCC is a new US Government agency through which substantial development assistance is provided to those countries that (1) rule justly; (2) invest in their people; and (3) encourage economic freedom.

The vision for the MCC is a \$5 billion annual increase in development assistance worldwide, or a 50% increase in US core assistance. However, MCC is more than just an increase in financial aid. Meeting MCC indicator objectives would put Indonesia in a select group of countries whose governments have firmly demonstrated their successful commitment to development. MCC qualification signals to public and private sector stakeholders that Indonesia is committed to ruling justly, investing in its people and supporting economic freedom.

For a country to be selected as eligible for an MCC assistance program, it must demonstrate a commitment to policies that promote political and economic freedom, investments in education and health, control of corruption, and respect for civil liberties and the rule of law by performing well on sixteen different policy indicators including Public Primary Education Spending as a percentage of GDP.

MCC has two distinct assistance programs: *Threshold Programs* and *Compacts*. Compact eligible countries are those which meet specific benchmarks and criteria within the sixteen specific MCC indicators. Indonesia does not yet meet these criteria for Compact eligibility.

The *Threshold Program* is designed to assist countries that are close, or on the ‘threshold’ of achieving MCA Compact funding and demonstrate commitment to improve their performance. Threshold Program assistance is used to help countries address the specific issues behind selected indicator shortfalls and thus work towards Compact eligibility. In November 2005, MCC selected Indonesia to participate in the Threshold Program. In November 2006, USAID and BAPPENAS signed a bilateral agreement during the visit of President Bush with President Yudhoyono.

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<sup>23</sup> The notes in this section are drawn from a USAID Indonesia PowerPoint presentation entitled: *The Millennium Challenge Corporation and Indonesia's Threshold Program*



MCC Threshold Program assistance is designed to assist countries that have demonstrated commitment to undertaking the reforms necessary to improve policy performance and eventually qualify for MCC Compact assistance. In October 2006, the MCC Board approved the Government of Indonesia's two-year, \$55 million Threshold Plan focused on improving the 'Control of Corruption' and 'Immunization Coverage' indicators. Key Government counterparts include BAPPENAS, KPK, PPATK, Ministry of Health, the Supreme Court, and others.

One key indicator in the 'Investing in People' category is Total Public Expenditure on Primary Education. This indicator measures the government's commitment to investing in primary education. MCC uses data from the United National Educational, Scientific, and Cultural Organization (UNESCO) Institute for Statistics which, in turn compiles primary education expenditure data from official responses to surveys and from reports provided by education authorities in each country.

As a secondary source, MCC relies on Primary Education Expenditure data reported by national governments. In its data request to Candidate Countries, MCC requests inclusion of all government expenditures, including sub-national expenditures (both current and capital) and the consolidated public sector (i.e. state-owned enterprises and semi-autonomous institutions), but exclusion of donor funds unless it is not possible to disaggregate them. All data are requested in current local currency (not a constant base year, not dollars).<sup>24</sup>

Indonesia scores significantly below the median (2.07%), in part due to data issues surrounding the decentralized and multi-agency nature of this indicator. Both the UNESCO data and the GOI data drawn from the MONE Center for Education Statistics (Pusat Statistik Pendidikan or PSP) are thought to seriously under-report the actual spending on primary education. The most recent data point is from 2003 and much of the spending which is under MORA and at decentralized levels of government is missing.<sup>25</sup>

For this reason, DBE1 is playing an important role in supporting the Indonesian Government (MONE PSP) to provide a more complete and

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<sup>24</sup> In its data request to Candidate Countries, MCC asks that public expenditure on primary education be measured consistent with the IMF's definition of primary education expenditure in Government Finance Statistics (GFS Line 707), which in turn relies on the 1997 International Standard Classification of Education (ISCED-97). Government outlays on primary education include expenditures on services provided to individual pupils and students and expenditures on services provided on a collective basis. Primary education includes the administration, inspection, operation, or support of schools and other institutions providing primary education at ISCED-97 level 1. It also includes literacy programs for students too old for primary school.

<sup>25</sup> UNESCO attempts to measure total current and capital expenditure on primary education at every level of administration - central, regional, and local. UNESCO data generally include subsidies for private education, but not foreign aid for primary education. UNESCO data may also exclude spending by religious schools, which plays a significant role in many developing countries.

accurate report to the MCC on basic education spending. Similar analyses of education spending at each level to those discussed above (PEFA, DEFA, SUCA and BOS impact studies) is helping to provide the data required for this purpose. In addition, DBE1 is working with MONE PSP and the MOFE to improve coordination across the ministries and the capacity to collect and analyze this data internally. In this way, DBE1 is contributing to the reform of policy on education spending through the link to the MCC.

### **School Operational Funding (BOS)** <sup>26</sup>

Since the introduction of the School Operational Funding subsidy (Bantuan Operasional Sekolah or BOS) in July 2005, all elementary and junior-secondary schools in Indonesia have been provided with relatively substantial block grants allocated on a standard per per-capita basis. The formula funding does not discriminate between school type – applying the same standards to private and state schools; to regular schools and Islamic madrasah.

The BOS scheme was introduced as a political response to the burden of fuel price increases on poor families. The objective was to ensure that children did not drop out of school for economic reasons compounded by the increases. However, the scheme has now become institutionalized. Whilst the 2006 BOS Handbook links the funds explicitly to a fuel subsidy compensation fund, the 2007 Handbook no longer mentions the fund. The 2007 Handbook also contains three sub-sections which link BOS to national education policies rather than to the fuel subsidy compensation mechanism. The first sub-section <sup>27</sup> discusses BOS in relation to the universal compulsory nine-year basic education program <sup>28</sup> and identifies BOS as an activity contributing to the increased and more equitable access group of programs.<sup>29</sup> This sub-section also requires principals to ‘pay attention to’ the following aspects of access: <sup>30</sup>

- It is imperative that no poor students drop out of school because of financial reasons.
- Every effort must be made to assure that primary graduates continue on to JSE; it is imperative that no poor students fail to transition for financial reasons.

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<sup>26</sup> The section on BOS draws on a DBE1 study included as an appendix to the report, *Study and Analysis of Issues Related to Education Governance and Finance* (DBE1: Sept 2007). Some of this material was also included in the Special Report *Improving the Management & Governance of Islamic Schools & Madrasah: Lessons from the Decentralized Basic Education project* (July 2007)

<sup>27</sup> This sub-section is included in the 2006 Handbook. The other sub-sections are new in the 2007 Handbook.

<sup>28</sup> The term “program” is used here as a synonym for “budget line” (containing many activities) while the same term later in the sentence is used as a synonym for “activity”. The Indonesian term *program* is used in both senses, depending upon the context.

<sup>29</sup> The other two program groups are increased quality, relevance and competitiveness; and management, accountability and public image.

<sup>30</sup> *Handbook for Implementation (Buku Panduan)* 2007, pp. 10 – 11.

- Principals should actively engage in retrieval activities, seeking out children who have dropped out or not transitioned to junior secondary school and bringing them back into school.

The second sub-section deals with BOS in relation to school-based management. The discussion emphasizes that BOS is school-based management in action because the funds are completely under the control of the school which empowers the school and increases community participation.<sup>31</sup> Finally the third sub-section discusses BOS and regional government (provincial and district). This sub-section lists the obligations of regional government:

- continue to provide operational funding for schools,<sup>32</sup>
- if the region (district or province) has a ‘free school’ policy, then it must provide sufficient funding out of the regional budget to cover all costs,
- provide ‘safeguarding’ funding,
- supervise use of BOS funds by schools.

All schools and madrasah are eligible to receive BOS. Private schools must be properly registered with either MONE or MORA. Pondok pesantren which are registered as participants in the universal compulsory nine-year basic education program<sup>33</sup> are also eligible to receive BOS for the students participating in the program. Schools and madrasah which elect to receive BOS must open bank accounts in the name of the school (not personal accounts) with authorized signatures of the principal and chair of the school committee, indirectly requiring also that the school have a legally established school committee.

BOS consists of funding provided from the central budget to schools and is calculated as a unit (per capita) cost by enrolment. The program disbursed Rp 5.3 trillion in June–December 2005 and Rp 11.12 trillion in 2006, which equated to around 25 percent of the overall central budget for education.<sup>34</sup>

The unit cost allocations are shown in the following table:

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<sup>31</sup> *Ibid.*, pp. 11 – 12.

<sup>32</sup> This obligation was also stated in the 2005 and 2006 Handbook

<sup>33</sup> Under this program, the students in the boarding school also receive instruction in the subjects comprising the national curriculum and sit for national exit examinations at the end of grade 6 and 9. This program is different from the situation in which *madrasah* are sited within the boarding school campus. A *madrasah* is a school: there are classrooms, desks and chairs, chalk board, etc. and the class schedule follows regular school hours. In the boarding school program, the lessons in national curriculum subjects are provided in the physical facilities of the boarding school where students sit on grass mats (or carpets) on the floor and the lessons are scheduled around the Islamic studies curriculum.

<sup>34</sup> Spending for Development: Making the Most of Indonesia’s New Opportunities -- Indonesia Public Expenditure Review 2007, World Bank Initiative for Public Expenditure Analysis, Jakarta 2007, p. 36.

**Table 1: Unit Cost Allocations for BOS**

Year (fiscal)	Unit Cost (Rp)	
	Elementary	JSE
2005: 2005/2006 1st semester	235,000 <sup>1</sup>	324,500 <sup>1</sup>
2006: 2005/2006 2nd semester, 2006/2007 1st semester	235,000	324,500
2007: 2006/2007 2nd semester, 2007/2008 1st semester	254,000	354,000

<sup>1</sup>Full year equivalent. Actual payment was 1/2 of this amount. Source: Handbook for Implementation (Buku Panduan), various years

Although the unit cost allocation for *BOS* was unchanged between 2005 and 2006, the annual inflation <sup>35</sup> during 2005 was 17.11%, during 2006 was 6.60% and during the first quarter of 2007 was 1.91%. The total increase (from 2005 to 2007) for the *BOS* elementary level unit cost allocation was 8.08% and for *SMP* and *MTs* unit cost was 9.09% so the real value of the *BOS* funds received by schools has dropped significantly. Nonetheless, the impact of *BOS* on basic education, both the general and Islamic sub-sectors, is significant.

DBE1 prepared a detailed summary of the *BOS* funding policy in 2007.<sup>36</sup> In 2008 *BOS* impact studies will be conducted in sample schools and districts in all provinces. On the basis of these studies, DBE1 will prepare a report on the *BOS* policy and its impact on basic education. This will be the first serious study showing the operation and impact of the policy, taking a vertical slice from the national level, through province, district and sub-district levels to the level of the individual school and even individual families and students. The study will be shared with key policy makers at national level and, through the media, with non-government stakeholders at all levels.

<sup>35</sup> Central Agency for Statistics (Badan Pusat Statistik), Consumer price index. This is a national average – there are large regional differences.

<sup>36</sup> Study and Analysis of Issues Related to Education Governance and Finance (DBE1: Sept 2007).

## 6. District education planning and governance

During the initial two year period of project implementation, DBE1 developed and piloted an approach to district education planning and governance which includes:

1. Capacity Development Planning for district education offices (Rencana Pengembangan Kapasitas or RPK) and
2. Strategic Planning (Rencana Strategis or Renstra) for the education sector
3. Interventions to strengthen the role of ‘governance-related’ institutions.

In the national policy context, DBE1 is working with both the Ministry for Home Affairs (MOHA), which sets policy for district management and planning, and the Ministry for National Education (MONE), which sets policy for education management and planning. In addition, the Ministry for Religious Affairs (MORA) is concerned with the management and planning of education in the Islamic sub-sector.

Inconsistencies between the policies, including laws and regulations, issued by MOHA and MONE are not uncommon. It could be said that there is a ‘disconnect’ between the two pillars of government in policy development. The areas of overlap where inconsistencies occur are typically in policies relating to management and planning, rather than the technical aspects of education delivery. DBE1 has an important role play in bringing inconsistencies and anomalies to the attention of policy makers in both ministries and working through the practical implications in the field. Ultimately this process should help to harmonize policy across the ministries and contribute to the development of a field-based policy reform agenda.

In relation to this, DBE1 has worked closely with officials from all ministries in the development of the RPK and renstra methodologies, progressively revising and refining the approach to meet the objectives of the national ministries. This process has taken some time but is considered vital if DBE1 is to impact not only on management and governance of education in target districts, but more broadly on national policy.

The interest shown by other donors, particularly the World Bank and AusAID, in the new approaches to district education planning being developed by DBE1 is good evidence of the potential for these approaches to contribute to a field-based reform agenda. Whilst previous projects, including MBE and CLCC had a strong focus at school level, the impact on policy development at district level was limited. The ADB-funded DBEP, one of the first projects implemented after the introduction of regional autonomy, has to some extent maintained a project focus in its education planning methodology as it has

been bound by the loan agreement in a number of areas. Further, the new regulatory framework guiding district planning has only been gradually become effective in the years after the introduction of autonomy with for instance the issuance of Law No 25 on the National Development Planning System in 2004. DBE1 is therefore pioneering new approaches in this area; the first donor-funded project to do so following the introduction of regional autonomy and decentralization of the education system.

DBE1 has now assisted in the development of RPK in Tuban District and Mojokerto City (East Java); Kudus and Jepara Districts (Central Java); Soppeng and Enrekang Districts (South Sulawesi) and North Tapanuli District and Sibolga City (North Sumatra).

Strategic education plans and financing plans (Renstra SKPD) have been completed in Pidie District (Aceh) and Soppeng District (South Sulawesi).<sup>37</sup> DBE1 also worked closely with policy makers and other donors in the preparation of the Aceh (NAD) provincial strategic education plan.

In the coming year it is intended that RPK will be completed in four more districts and renstra will be conducted in approximately 50 districts from the first two cohorts. This will have a direct impact on policy in these districts, since the renstra will be a key policy instrument determining district priorities and spending over the coming years.

DBE1 is thus impacting on the development of policy in two broad ways: (1) The *process* of planning undertaken by government at district level – consultative and information-based planning – is itself a policy; (2) the *outcome* of that planning process is a set of policies which will directly impact on the way basic education is funded, managed and delivered in districts.

### **Early policy outcomes of DBE1 district planning assistance**

Before discussing the policy outcomes of the DBE1 planning process, it should first be noted that provincial and district educational strategic plans (renstra) and to some extent RPK typically take their authority from a range of sources.

Under the National Development Planning System Law (UU 25/2004 tentang Sistem Perencanaan Pembangunan Nasional) and the Regional Government Law (UU 32/2004 tentang Pemerintahan Daerah) district education sector plans should be developed within three months after the election of a new district head and should reflect his/her policy platform, expressed in the medium term district development plan (Rencana Pengembangan Jangka Menengah or RPJM). The district education plan (Renstra SKPD) runs for five years to coincide with the period of office of the new district head. This is an excellent example of the principles of decentralization and democracy in practice and is strongly supported by DBE1.

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<sup>37</sup> At the time of writing, Renstra is 80% completed in Soppeng District.

New regulations (PP 38/2007) appear to shift responsibility for strategic education planning to the provincial level, leaving districts with the responsibility for developing district operation plans, under the umbrella of a provincial strategic educational plan (renstra). Whilst the apparent inconsistency between this regulation and the existing national planning law is potentially confusing, it is likely that districts will continue to develop strategic education plans, under the legal authority of the district development plan and will refer to both the district RPJM and the provincial strategic plan as legal bases.

The national strategic education plan, Rencana Strategis Departemen Pendidikan Nasional Tahun 2005-2009, also provides a strategic policy framework for the development of district level plans. The national renstra identifies three policy pillars – access, quality and management. In the DBE1 experience so far, both the renstra SKPD in Pidie District and the NAD (Aceh) provincial strategic plan refer to the national renstra.

Perhaps more importantly from a policy development perspective, the DBE1 planning processes are based on the collection and analysis of good data and information and on consultation with stakeholders. In addition to school mapping and a range of data collection methodologies, the example provided by school development planning (RPS or RKS) is one such source of information on needs and priorities. This approach is what is meant by the term ‘field-driven policy agenda’. Thus, whilst the plans derive their authority from a range of ‘top down’ sources (and are therefore situated within the corridor of higher level policy), their policy focus is ‘bottom-up’ and aligned to local needs and priorities.

The major emphasis in district plans developed with DBE1 support in 2007 (both RPK and renstra) has been on quality and equity. Whilst quality improvement is typically highlighted as the key policy objective, it has also been noted that variation in quality within districts is much greater than between districts. For this reason, equity and quality improvement tend to emerge hand in hand as the two key policy objectives in district educational planning.

The difference between RPK and renstra is more one of scope than focus. The scope of RPK is the local education office and its capacity of to deliver quality education in line with the expectations of stakeholders and the broader community. Whilst the policy issues are likely to be similar, the scope of the district renstra SKPD is broader. Like the RPK, the renstra focuses primarily on the role of the district education office as manager of the education system. However, it encompasses the whole sector, including MORA, private networks and the broader community. It should articulate a medium term vision for improved education in the district together with a program and budget to achieve the vision which may involve many stakeholders. In districts where both RPK and renstra have been completed, the RPK is conducted first and becomes an input into the renstra process.

The fundamental policy thrust of the NAD (Aceh) education strategic plan (renstra) is to achieve universal primary and secondary education by 2012 through eliminating cost and other access barriers, to rapidly expand access to early childhood education and significantly expand access to non-formal life skills and literacy programs along with higher education. The plan also includes policy targets such as the achievement of GOI minimum service standards across all schools by 2012, introduction of staff performance appraisal, ensuring that all school/community governing bodies are fully operational.

Key objectives are:

1. well-defined and measurable 'operational policies and strategies' to ensure that school programs reflect Islamic values, ethics and discipline,
2. more equitable access to education services at all levels; removing disparities between urban, rural and remote communities and between poor and wealthier families,
3. increased demand and better access to non-formal education,
4. more efficient facility utilization and personnel deployment in order to increase the budget allocation for non-personnel spending,
5. improving quality through better qualified teachers, provision of instructional materials, good school leadership and school/community governing bodies,
6. strengthened governance systems to improve accountability and market responsiveness,
7. realigned district education office functions to suit the new decentralized environment.

The Pidie District strategic plan highlights the need to improve the quality of inputs: teacher qualifications, facilities and equipment – and, especially in elementary schools, books. The distribution of teachers emerged as a significant issue in this district, highlighting the concern with equity. There is a big variation in the quality (qualifications and competency) and quantity of teachers available between urban and rural schools. There are also gender disparities, with proportionately greater numbers of female teachers (often spouses of civil servants) in the urban schools and of male teachers in the rural schools. The plan aims to better distribute the current teaching resource, eliminating inequities and improving overall quality, whilst at the same time gaining efficiencies.

The Pidie District strategic plan (renstra) also identifies good practices (meaning those which achieve worthwhile results from the district perspective) from previous donor-funded projects such as MBS, UNESCO and World Bank activity. The plan provides support to increase sustainability of project outcomes and to replicate programs.



DBE1 is assisting the Aceh provincial government in implementing its new policy expressed through the provincial renstra by assisting districts, including those not participating in the USAID DBE project, to align district plans with the provincial plan.

The outcome of the RPK process is a plan to build capacity in the district education office. Policy implications arise from two aspects. First in order to improve capacity in many cases, policy reform is also required. Second, in order to implement the RPK a budget is required, which is also a type of policy. In Tuban district, for example, a budget of Rp1.7 billion was allocated for the implementation of RPK.

A significant outcome of the RPK process across the districts where the process has been conducted is the identification of improved management of assets, personnel and school supervision as capacity development needs. DBE1 will thus work in those districts where RPK has been completed to develop and implement systems to better manage human resources, assets (including school facilities) and school supervision. By enhancing the systems and models that already exist in the education system, the DBE1 supported approach enables better collection and management of data in order to facilitate better management. In this context, a number of systems are addressed: personnel mapping (SIM), teacher competency, qualifications and certification, HR planning, recruitment and deployment, promotion and career development, professional development (training), performance appraisal, reward and protection. Asset management and school supervision are also addressed. This work is currently being piloted in Kudus District in Central Java.

A common set of policy implications is arising from each of these main management areas: personnel management, assets management and school supervision. The enhanced data management systems enable the district education office to make more strategic management decisions, based on accurate and complete data from the field. The policy decisions should reflect district priorities and are likely to raise issues concerning equity or resource allocation. What the new management systems provide is better information on which to base these decisions.

A typical example of the policy implications of RPK, which is brought into focus through the development of personnel management systems, relates to the quality of teachers. Most districts identify teacher qualifications and competency through the RPK process as a focus for capacity development to improve the performance of the education system. The national policy context for this is the Law on Teacher Standards (Law14/2005) which specifies increased requirements for professional certification.

The local policy issue is which groups of teachers the District Education Office will prioritize for upgrading of qualifications. What type and level of support will be provided to teachers? Will support be provided to private teachers or only public servants? Will teachers working in private schools or

madrasah be included? What balance of funding will be provided to different sectors: elementary or junior secondary? Will non-performing schools be identified and prioritized? Will remote and rural schools be prioritized or high-performing schools in the urban areas?

In order to answer these questions, and similar questions which arise from the RPK process, districts require accurate and complete data. The same is true at every level of the education system. The national ministries, MONE and MORA, currently base much of their planning and policy development on poor quality information provided by current educational management information systems (EMIS).

### **District education governance**

Governance is mainly about the relationships between key stakeholders. It is also about access to reliable and relevant information for all stakeholders. As described in Figure 1 in Section Two above, good policy development reflects the aspirations of all stakeholders. For this, there must be open and transparent communication between the executive (specifically the district education office and other government departments such as Bappeda, MORA and the district secretariat), the legislative (DPRD) and governance-related institutions (such as the Education Board, civil society organizations and local press).

DBE1 works to support the creation of this open communication and transparency in districts, creating the space for policy dialogue. At this point, the governance program is under development, with pilot programs being commenced in ten districts spread across the target provinces. The governance program will link closely to other district level interventions, including district planning and financial analyses. For this reason it is too soon to report on policy outcomes of the governance program.

However, evidence is emerging that this program will directly impact on policy reform at district level, and potentially, through replication and reporting to higher levels of government in other districts. Activities are planned for 2008 to support this process, including workshops for members of DPRD, Education Boards, civil society and local press which will focus directly on policy issues.

Outcomes of financial analysis will be reported both to all stakeholders, government and non-government and a district-report card methodology is planned which will bring together key performance indicators, including financial indicators and performance against national benchmarks drawn from the minimum service standards in a simple user-friendly format.

These approaches are likely to impact directly on policy development in target districts, whilst also providing models for national and provincial stakeholders and other donors in how to improve governance in other districts.

DBE1 responded to a request from the District of Mojokerto, East Java in 2007 to assist in the drafting of a local regulation (perda) to formalize the

district's education policy. DBE1 cooperated with the USAID Local Government Support Project (LGSP) to finalize the policy document. LGSP provided assistance in the overall structuring of the document and DBE1 provided specific technical inputs related to education management and governance. We expect to offer such assistance to more districts in the coming months and years.

In addition, DBE1 conducted a study and prepared a detailed report on democracy, transparency and accountability in the governance of education together with a review of the legal framework for basic education in 2007.<sup>38</sup> Following review by USAID, this report will be disseminated and discussed with national stakeholders in a forum for this purpose to be held early in 2008.

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<sup>38</sup> Study and Analysis of Issues Related to Education Governance and Finance (DBE1: Sept 2007).

## 7. Education management information systems (EMIS)

One of the most important contributions that DBE1 can potentially make to policy reform and the development of a field-based policy agenda in the Indonesian education system is by facilitating a review of the current education management information systems.

Since the recent decentralization of education administration, the use of education data to support education planning and policy development is more important than ever. Education policy makers at every level from the school to the district, province and center, should use data to obtain baseline measures of education quality, identify realistic policy objectives, measure progress toward those goals, and report on improvements in the education sector, locally and nationally.

DBE1 is working on a number of fronts to develop better EMIS and management systems to inform policy development at all levels. This includes:

1. conducting a national EMIS assessment,
2. piloting of enhanced systems for district personnel management, asset management and school supervision,
3. piloting an enhanced system for district planning information support,
4. providing small grants for innovative use of information communication technology (ICT) to improve educational management and governance.

### National EMIS Assessment

DBE1 conducted a comprehensive assessment of the EMIS in Indonesia in 2006. The study began with stakeholder consultations in September through December 2005. Following the design of the study, development of instruments, collection and analysis of data, DBE1 presented initial results to at a MONE meeting of national and provincial EMIS stakeholders in September 2006.<sup>39</sup> Assessment results supported new direction for MONE EMIS. During 2007 the EMIS Assessment Team observed the impact of DBE1 planning and capacity-development interventions at the school and district level to gather lessons learned to inform the current study.

While the potential impact of education data has never been so high in Indonesia, the threats to the effective use of education data have never been so many. In the decentralized system of data collection, management,

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<sup>39</sup> EMIS Assessment Report, DBE1, July 2006

transmission, and use, local deficiencies can have a national impact, as reported data flows up through the education administration to the center (i.e., national) level. Failing to resolve problems at the lower levels—schools and districts—means that all data users “upstream” are affected by poor data quality, including inaccurate and incomplete data. As a result, decisions made based on data aggregated at the district, province, or central levels may be based on faulty assumptions of the state of education.

The DBE1 EMIS assessment identified a number of threats to data use in Indonesia. Among these threats are technological issues, related to the physical resources required for data entry and management; process issues, related to data entry and management quality control; and human resource issues. However, the most serious obstacle identified is the low motivation of education managers at the school and district levels to produce an accurate and complete data set.

The assessment found that while there is a demand for data to support education management at the school and district levels, there is low demand for the EMIS systems currently used in Indonesia. This low demand can be attributed to a number of factors: difficulty extracting data from the EMIS systems; limited understanding about the purpose of data collection; and redundancy in data collection by different units of Ministry of National Education (MONE) and Ministry of Religious Affairs (MORA). The issues must be addressed and addressed quickly: failing to generate demand for EMIS systems will likely perpetuate the sense of disenfranchisement in the EMIS process that leads to poor-quality and incomplete data being reported.

Creating the demand for EMIS systems requires reorienting the systems to overtly serve schools and districts. While these potential users can benefit from the current systems, it seems to be only as an afterthought rather than by conscious design. Systems that serve these users will collect information needed by them and present it in a way that meets their decision-making needs, in terms of level of aggregation, means of access, and level of sophistication. Without understanding what these requirements are, it is impossible to reorient existing systems or implement new systems that will be able to serve the wide range of data users that Indonesia now has, and as a result the chain of demand for data will break somewhere along the way. Once this chain of demand is broken, and once there is apathy about the quality of data being reported, all EMIS data becomes suspect.

The findings and recommendations of the national EMIS assessment are currently being reviewed by DBE1 and USAID and on the basis of this review an action plan will be prepared for consideration by national stakeholders.

### **District personnel management, asset management and school supervision**

DBE1 is piloting the implementation of enhanced systems for district management of data for personnel management, asset management and school supervision. The policy priorities identified in RPK are closely linked to the focus on DBE1 interventions in the area of district educational management. In all the districts in which RPK has been conducted, personnel management, asset management and school supervision have emerged as priorities.

In Kudus District where DBE1 is piloting the development of these new systems, consultative meetings have been held with key policy makers including the Regional Secretary (Sekretaris Daerah or Setda) and the Regional Personnel Body (Badan Kepegawaian Daerah or BKD).

The enhanced systems will support the development of policy and management which is more strategically oriented towards the achievement of policy. This is likely to impact particularly on policy relating to equity and quality improvement as outlined above in the section of district planning (RPK and renstra).

At the same time as supporting district level policy development, DBE1 is working with national stakeholders to revise manuals and software packages for management of assets, personnel and school supervision. In this way, the project is contributing to the review of national policy.

### **District planning information support system (DPISS)**

A system for supporting data analysis for district planning and management (DPISS) has been developed and incorporated into the renstra methodology. This will strengthen district capacity to analyze data and use it for planning and policy development.

In addition, DBE1 will pilot an ICT program in five DBE districts in Aceh which will attempt to link recommendations from DBE1's EMIS assessment study, the need for a District Planning Information Support System (DPISS), and ICT grants. These activities will link to MONE's current EMIS called PADTIWEB and also MONE's Jardiknas program which has provided ICT hardware to most district education offices. The pilot will develop and implement software required for analyzing data to improve district planning, training for district and school stakeholders the needs for which were identified in an ICT Assessment Study in Aceh (September 2007), and additional equipment needed to link all the pieces together.

This approach will help ensure that these interventions are effective and provide good models for replication to other districts and provinces. In this context it may be noted that preliminary discussions have been held with other donors, which have indicated a possible interest in supporting the

implementation of these DBE1 district-level programs both in DBE1 districts where there is overlap – and in non-target districts.<sup>40</sup>

### **Use of ICT**

DBE1 will award about \$200,000 of ICT and Hotspots in Years 1-3 for about 20 Cohort 1 organizations.

All of the grant recipients are consortia comprised of district government offices, private sector and in some cases district libraries. We will continue to monitor compliance and program performance throughout Year 3. In early 2008 the program will be evaluated and changes will be made to the extent necessary for the upcoming phases of the project.

The policy implications of this program are more to do with process than outcome. The requirement that grant recipients be led by private sector organizations has resulted in the formation of public-private alliances, which is a novel approach in Indonesian government.

In the coming year DBE1 will continue to work to increase the use of ICT for effective educational management and governance at both school and district level. This will include the introduction of school report cards in collaboration with DBE2. Employing a user-friendly Excel-based software package developed jointly by DBE1 and DBE2, Cohort 1 and 2 schools will be supported this year to develop and disseminate school report cards. These will form part of revised school development plans (RKS) and will increase transparency, accountability to communities and reporting to districts.

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<sup>40</sup> Preliminary meetings were held with AusAID and the World Bank during the period August-September 2007.

## 8. SOAG review recommendations

In July 2007, DBE1 made a number of policy recommendations to the SOAG committee, based on the experience of the first two years of project implementation.<sup>41</sup> The following is paraphrased from the presentation made to the meeting.

### **School Committees and Education Boards**

The Ministerial Decree (KepMen Diknas 044/U/2002) concerning Education Boards and School Committees is no longer consistent with the Education Law (Law 23/2003 concerning the National Education System). It was recommended that the Minister for National Education issue a new decree concerning Education Boards and School Committees based on the Education Law (Law 23/2003).

### **Minimum Service Standards (MSS)**

MOHA has already published a ministerial regulation concerning technical guidelines for the preparation and implementation of Minimum Service Standards (MSS), which determines who will carry out the general monitoring and evaluation of local government performance in the implementation and achievement of MSS. Specifically, it will be carried out by the MOHA with support from a Consultative Team for the Preparation of MSS. These technical guidelines are general and generic in approach. Line ministries then must set sectoral standards based on MOHA technical guidelines.

It was recommended that MONE should publish technical guidelines for the preparation and implementation of Education Minimum Service Standards (MSS) which also address the formation of a Monitoring and Evaluation Team to monitor and evaluate the performance of local government in implementing and achieving MSS specifically in the field of education, in collaboration with MOHA.

### **District Education Planning**

Districts tend not to make use of data sources at school level. It was recommended that:

- Districts should preferably make use of RKS as one of the main inputs for the preparation of district plans.
- District education plans should preferably use the objectives, programs and activities outlined in the National Education Strategic Plan (renstra) as a reference.

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<sup>41</sup> See Appendix 1 for a copy of the original version in Bahasa Indonesia.



Central support for the education sector, specifically for district education needs is provided in the form of block grants which are transferred directly to schools and also through other deconcentrated funding.

It was recommended that central plans to support the education sector be automatically provided to all districts in order that districts are able to make use of the information in the preparation of plans for their education sector.

### **Unit costs for school operation funding**

MONE will issue Standards for the Unit-cost Payment of School Operational Funding which have already been recommended by the National Education Standards Body (Badan Standar Nasional Pendidikan or BSNP). However, the capacity of local government to calculate the unit cost for school operation according to the condition of each district is not yet known.

It was recommended that MONE issue a manual and provide training to support local government to calculate step by step the unit cost per student for school operational funding.

### **Education office organization**

The government regulation (PP 8/2003) concerning the organizational arrangements of district offices specifies a maximum number of echelon 3 and echelon 4 personnel.

It was recommended that a special regulation be issued specifically for education offices with a total of personnel (mainly teachers) which constitutes 60% or more of the total number of district civil servants and a budget which is 40% or more of the total district budget (APBD).

## 9. Next steps

As outlined in this report, the DBE1 program supports the development of a field-based policy agenda, primarily by assisting the government to implement national policy in consultation with stakeholders, jointly reviewing this implementation and thus contributing in a concrete and constructive way to the national policy dialogue. At the same time DBE1 works intensively at the district level to support the development of a field-based policy agenda, informed by school and community level work, enhanced systems for the management of information and data and the strengthened participation of governance-related stakeholders in the planning and policy development process.

All of this takes time. The first two years of project implementation have focused mainly on the implementation phase of the policy reform cycle. Whilst this has not precluded the project from actively identifying and advocating for policy reform, as has been described in this report, it does suggest that the impact of the project on policy – at both regional and national levels – is likely to increase in the coming years of project implementation, when the focus shifts to evaluating the impact of policy and supporting the district planning and policy dialogue processes.

In order to support this process and maximize the potential of DBE1, based on the breadth and depth of the project activity, to impact on policy development, a number of steps are planned for the coming year:

1. A series of national level stakeholder forums will be held at which the policy implementation supported by DBE1 will be discussed. This will include discussion of RPS/RKS implementation in light of changes in national policy.
2. A series of special studies will be conducted to explore policy related issues. This will include studies on Local Funding for Basic Education, and the impact of BOS.
3. National stakeholder forums are planned to discuss outcomes of these studies and other project reports. Where appropriate, reports on studies will also be published and key findings disseminated to the wider community via the media.
  - a. EMIS assessment,
  - b. Education Finance and Local Funding for Basic Education, including outcomes of a BOS impact study,
  - c. ICT impact,
  - d. a review of Materials on Education Planning, Management and Governance; Best Practices and Lessons For Replication,

- e. a study and analysis of Issues Related to Education Governance and Finance,
  - f. Public Private Alliances,
  - g. Medium Term Education Sector Development Plans for Cohort 1 districts.
4. A DBE1 communications strategy will be developed to sharpen the focus and strategy for using a variety of media to support replication. This strategy and the resultant publications and events will also support an approach to policy advocacy, in particular advocating for policy which supports improved management and governance of basic education through the kinds of programs and approaches developed by DBE1.
  5. The implementation of district planning and governance programs over the coming year is expected to have a major impact on policy development within target districts.
  6. Ongoing work to support and promote public-private alliances is likely to have an impact on policy and practice at many levels.
  7. Ongoing discussions and collaboration with the international donor community is also likely to impact significantly on the national policy dialogue and the development of policy at provincial and district levels in non-target districts.

DBE1 will report on further progress in relation to the objective of identifying and advocating policy reforms with the Government of Indonesia in one year's time.

## **Appendix 1: Recommendations made at the SOAG REVIEW MEETING, Thursday, 19th July 2007 (DBE1)**

### **REKOMENDASI**

#### **KOMITE SEKOLAH dan DEWAN PENDIDIKAN**

- KepMen Diknas 044/U/2002 tentang Dewan Pendidikan dan Komite Sekolah sudah tidak sesuai dengan Undang-Undang SISDIKNAS No. 2/2003.

#### **Rekomendasi:**

- Mendiknas mengeluarkan keputusan yang baru tentang Dewan Pendidikan dan Komite Sekolah yang berdasarkan pada UU No.2/2003.

#### **STANDAR PELAYANAN MINIMUM (SPM)**

- Depdagri telah menerbitkan Peraturan Menteri mengenai Juknis Penyusunan dan Penerapan SPM yang mengatur siapa yang akan melakukan monitoring dan evaluasi umum terhadap kinerja penerapan dan pencapaian SPM pemerintah daerah, yaitu dilakukan oleh Menteri Dalam Negeri dengan dibantu oleh Tim Konsultasi Penyusunan SPM. Juknis tersebut bersifat umum/generik.

#### **Rekomendasi:**

- Depdiknas perlu menerbitkan Juknis khusus tentang Penyusunan dan Penerapan SPM Pendidikan dimana termasuk juga pembentukan Tim Monitoring dan Evaluasi terhadap kinerja penerapan dan pencapaian SPM pemerintah daerah dalam bidang pendidikan bersama-sama dengan Depdagri

#### **PERENCANAAN DAERAH BIDANG PENDIDIKAN**

- Daerah cenderung tidak menggunakan sumber data yang ada di sekolah

#### **Rekomendasi:**

- sebaiknya menggunakan RKS sebagai salah satu masukan (input) utama dalam menyusun rencana daerah

- sebaiknya rencana pendidikan daerah perlu menggunakan sasaran, program, dan kegiatan Renstra Depdiknas sebagai referensi
- Bantuan untuk sektor pendidikan berasal dari Pusat untuk kepentingan pendidikan di daerah baik yang berupa block grant yang ditransfer langsung kepada sekolah maupun dana dekonsentrasi lainnya.

**Rekomendasi:**

- sebaiknya rencana bantuan sektor pendidikan diinformasikan kepada masing-masing daerah secara otomatis agar daerah dapat secara efisien memanfaatkan informasi tersebut dalam penyusunan rencana sektor pendidikannya

**BIAYA SATUAN BIAYA OPERASIONAL SEKOLAH**

- Depdiknas akan mengeluarkan Standar Pembiayaan Untuk Biaya Operasional Sekolah yang telah direkomendasikan oleh Badan Standar Nasional Pendidikan (BSNP). Tetapi belum diketahui kemampuan pemda untuk menghitung Biaya Satuan Biaya Operasional Sekolah yang sesuai dengan kondisi masing-masing daerah

**Rekomendasi:**

- Sebaiknya Depdiknas keluarkan panduan dan siapkan pelatihan untuk membantu pemda menghitung secara tahap demi tahap Biaya Satuan per Murid Untuk Biaya Operasional Sekolah.

**ORGANISASI DINAS PENDIDIKAN**

- PP Nomor 8 Tahun 2003 telah mengatur organisasi suatu dinas kabupaten dengan menentukan jumlah maksimum eselon 3 dan eselon 4

**Rekomendasi:**

- sebaiknya perlu ada aturan khusus untuk Dinas Pendidikan yang jumlah pegawainya (terutama guru) yang mencapai 60%, dan anggarannya yang mencapai 40% dari APBD

## Appendix 2: Status of Government Engagement in DBE1 Methodology Development

	Status of materials Sept 2007	How does it relate to national policy?	Status of DIKNAS involvement	Status of DEPAG involvement	Status of other GOI involvement (KESRA, Keuang)	Priority gaps and next steps for GOI endorsement	Discussion questions
District level governance							
Dewan Pendid kan	Governance mechanism & instruments are being trialed. Will be completed in December 2007	Governance interventions based on implementing the following: Kepmendiknas 044/2002 UU Sisdiknas (2003). PP not yet released for Dewan Pend. UU 2004 ttg Pemerintahan Daerah (DPRD) Surat edaran - Petunjuk teknis penyelenggaraan musrenbang (Jan 2007) SPM (minimum service standards)	Attended March 2007 workshop.	Attended March 2007 workshop.	Kesra attended March 2007 workshop.	Priority gaps are in implementation of policy. The national policymakers are distanced from implementers – no direct link with bupati, DPRD etc  National stakeholders will be invited to December 2007 workshop. Will be invited for field visit and workshop August 2008	We will report and produce case studies on implementation for national stakeholders (August 2008)  Donor collaboration will assist in stakeholder consultation.
DPRD							
Media							
Civil Society							
District level management							
Renstra	Manual completed.	DBE1 is improving technical implementation of current policy. National Development Planning System Law (UU 25/2004) and the Regional Government Law (UU 32/2004) PP 38/2007 concerning Renstra Refer to draft Workplan narrative for an explanation of the ambiguity in the current legal framework.	Attended workshop in June 2006	Attended workshop in June 2006	Kesra attended workshop in June 2006)  Ongoing extensive consultation with MOHA including review of the manual	National stakeholders will be invited to Workshop 1 (October 2007) and Workshop 2 (June 2008)  We will continue to monitor closely developments in the legal/regulatory framework and consult on how these are being interpreted. This means being prepared to adjust the approach and plan as necessary.	We will continue to assist districts to produce ‘renstra’ until provincial resntra have been developed at which time we will ensure future assistance is to develop Reno (Operational plan). We may also be able to assist districts with Renstra to adapt these to become Reno.

	Status of materials Sept 2007	How does it relate to national policy?	Status of DIKNAS involvement	Status of DEPAG involvement	Status of other GOI involvement (KESRA, Keuang)	Priority gaps and next steps for GOI endorsement	Discussion questions
DEFA	Manual drafted and to be improved in September-October 2007	DEFA provides data and analysis to support planning (as required in the Regional Government Law (UU 32/2004) and Law on Finance Balance btw Central & Regional Gov't (UU 33/2004) plus the Education Law (UU 20/2003) on funding (20%)	Process and results informed to PSP (for use in MCC calculations)			National stakeholders will be invited to Workshop 1 (November 2007) and Workshop 2 (June 2008)  National workshop will be held in May 2008 to report on findings of national level analysis of first round DEFA and Unit Cost studies.	
Unit Cost	Manual drafted and to be improved in September-October 2007	Helps to implement policies described in DEFA above	Reps participated in the pilot process in Sidoarjo	Reps participated in the pilot process in Sidoarjo	No national level participation	As above for DEFA	
RPK	Manual is complete.	RPK supports implementation of Bappenas policy. <sup>42</sup> (Kepmendagri 2002) RPK builds capacity for districts to implement policy (e.g. Renstra, annual budgeting, personnel)	Attended workshop in June 2006	Attended workshop in June 2006	Attended workshop in June 2006	National stakeholders will be invited to Workshop 1 (November 2007) and Workshop 2 (June 2008)	
Asset	Preliminary materials have been drafted	DBE1 is improving district capacity to assist schools implement the Education Law (UU 20/2003) (Bab X11, Pasal 45) Permend knas 24/2007 about standards of facilities & equipment.	No formal national level participation yet. Consultations with MONE staff already.	No national level participation yet	No national level participation yet	In November 2007 we will work with MONE & MORA to review & jointly develop preventative maintenance manual	Maintenance manuals exist but are typically poorly implemented. DBE1 is assisting districts to review implementation, improve the manuals and implement the policy.

<sup>42</sup> Keputusan bersama antara : Menteri Dalam Negeri Dan Menteri Negara Perencanaan Pembangunan Nasional/Kepala Bappenas tentang KERANGKA NASIONAL PENGEMBANGAN DAN PENINGKATAN KAPASITAS DALAM RANGKA MENDUKUNG DESENTRALISASI. Dikeluarkan di Jakarta tanggal Nopember 2002 Dan ditandatangani oleh Hari Sabarno Dan Kwik Kian Gie.

	Status of materials Sept 2007	How does it relate to national policy?	Status of DIKNAS involvement	Status of DEPAG involvement	Status of other GOI involvement (KESRA, Keuang)	Priority gaps and next steps for GOI endorsement	Discussion questions
Personnel	Preliminary materials have been drafted	We are assisting implementation of the Teacher Law UU 14/2005 and Permendiknas (12, 13, 16, 18 / 2007) on standard competency and certification for ed'n personnel. And buku pedoman from Dirjen PMPTK	Trying for joint program development with LPMP (Jateng) but this is still under discussion	No national level participation yet	No national level participation yet	Consultations are planned for November 2007 with the Director General (Fasli Jalal) National stakeholders will be invited to Workshop 1 (January 2008) and Workshop 2 (May 2008)	DBE1 is developing manuals to enable districts to implement national policy (manuals).
DPISS	Still under development	DPISS provides data and analysis to support planning (as required in the Regional Government Law (UU 32/2004)	Extensive consultation with MONE (PSP and Vocational Ed Directorate). Form of MOU agreed in principle but not yet signed.	No national level participation yet	No national level participation yet	We plan to jointly adapt the 2005 school mapping system to enable data to be disaggregated at the district level to support district planning	SMK have the ability to input and analyze data however relationships between SMK and Dinas need clarification.
District Report Card	To be developed	DRC will provide summarized data in a user-friendly format to assist districts to plan and implement national policy (especially focus on transparency and accountability)	No national level participation yet	No national level participation yet	No national level participation yet	Form a joint working group with World Bank in December 2008. National stakeholder meetings will be held with MONE, MORA, KESRA in January 2008 & May 2008	



## Appendix 3: Glossary

Acronym	Bahasa Indonesia	English
AA		Administrative Assistant
APBD	<i>Anggaran Pendapatan dan Belanja Daerah</i>	District Government Annual Budget
APBN	<i>Anggaran Pendapatan dan Belanja Negara</i>	National Government Annual Budget
AusAID		Australian Agency for International Development
BF		Budgeting and Finance
BFM		Budget and Finance Manager
BOS	<i>Bantuan Operasional Sekolah</i>	School Operational Fund [grants]
CA		Capacity Assessment
CDP		Capacity Development Plan
CLCC		Creating Learning Communities for Children
CMPW	<i>Menko Kesra</i>	Coordinating Ministry for People's Welfare
COP		Chief of Party
CSO		Community Service Organization
DBE		Decentralized Basic Education [USAID project]
DBE1		Decentralized Basic Education Project Management and Governance
DBE2		Decentralized Basic Education Project Teaching and Learning
DBE3		Decentralized Basic Education Project Improving Work and Life Skills
DC		District Coordinator
DCOP		Deputy Chief of Party
DPK	<i>Dewan Pendidikan Kabupaten</i>	District Education Board
DPISS		District Planning Information Support System

DPP	<i>Dewan Pendidikan Provinsi</i>	Provincial Education Board
DPR	<i>Dewan Perwakilan Rakyat</i>	National parliament
DPRD	<i>Dewan Perwakilan Rakyat Daerah</i>	District parliament
DSC		District Steering Committee
DTT		District Technical Teams
EMIS		Education Management Information Systems
ESP		Environmental Services Program [USAID project]
GDP		Gross Domestic Product
GOI		Government of Indonesia
ICT		Information and Communication Technology
IQDBE		Improved Quality of Decentralized Basic Education [program]
IR		Intermediate Result
Kepmen	<i>Keputusan Menteri</i>	Ministerial Decree
LG		Local government
LGSP		Local Governance Support Program [USAID project]
LOE		Level of effort
M&E		Monitoring and Evaluation
MBE		Managing Basic Education [USAID project]
MCA		Millennium Challenge Account
ME		Monitoring and Evaluation Specialist
Menko Kesra		Coordinating Ministry for People's Welfare
MI	<i>Madrasah Ibtidaiyah</i>	Islamic primary school
MONE		Ministry of National Education
MORA		Ministry of Religious Affairs
MOU		Memoranda of Understanding
MSS		minimum service standards
MT	<i>Madrasah Tsanawiyah</i>	Islamic junior secondary school
NGO		nongovernmental organization
PDMS		Project Data Management System
PMP		Performance Monitoring Plan

PMS		Planning & Management Specialist
PO		Program Objective
PP	<i>Peraturan Pemerintah</i>	Government Regulation
PPA		Public-private alliances
PPAS		Public-Private Alliance Specialist
PS		Provincial Specialist
Renstra	<i>Rencana Strategis</i>	Strategic Development Plan
Renstra SKPD	<i>Renstra Satuan Kerja Pemerintah Daerah</i>	Local Government Office (Work Unit) Strategic Development Plan
RF		Results Framework
RKS	<i>Rencana kerja sekolah</i>	School work plan
RKAS	<i>Rencana kerja anggaran sekolah</i>	School work plan budget
RKM	<i>Rencana kerja madrasah</i>	Islamic school work plan
RKAM	<i>Rencana kerja anggaran madrasah</i>	Islamic school work plan budget
RPJP Daerah	<i>Rencana Pengembangan Jangka Panjang Daerah</i>	District Long Term Development Plan
RPMP Daerah	<i>Rencana Pengembangan Jangka Menengah Daerah</i>	District Medium Term Development Plan
RPPK	<i>Rencana Pengembangan Pendidikan Kabupaten/Kota</i>	District Education Development Plan
RPS	<i>Rencana Pengembangan Sekolah</i>	School Development Plan
RTI		Research Triangle International
SBM		school-based management
SC		School committees
SD	<i>Sekolah Dasar</i>	primary school
SK	<i>Surat Keputusan</i>	Decree
SMP	<i>Sekolah Menengah Pertama</i>	junior secondary school
SPM	<i>Standar Pelayanan Minimal</i>	Minimum service standard
SPPM	<i>Survei Prioritas Pelayanan Masyarakat</i>	Community Service Priorities Survey Tool
STA		short-term advisor
STTA		Short-term Technical Assistance
TOR		Terms of Reference
TOT		Training of trainers
TraiNet		USAID system for tracking training
UNESCO		United Nations Educational, Scientific,

UNICEF  
USAID

and Cultural Organization  
United Nations Children's Fund  
United States Agency for International  
Development

## Glossary of Indonesian Terms

<i>Dewan Pendidikan</i>	District Education Board
<i>Dinas</i>	A Provincial, District or City Office with sectoral responsibility
<i>Dinas Pendidikan</i>	District Education Office
<i>Gugus</i>	School cluster
<i>Kabupaten</i>	District (Administrative Unit), also referred to as a Regency
<i>Kandepag</i>	District Religious Affairs Office
<i>Kanwil Agama</i>	Province Religious Affairs Office
<i>Kecamatan</i>	Sub-district
<i>Komite sekolah</i>	School committee
<i>Kota</i>	City (Administrative Unit)
<i>Madrasah</i>	Islamic religious school
<i>Yayasan</i>	Religious and nonreligious foundations
<i>Musernbang</i>	District planning process